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# GOOD GOVERNANCE AND THE ENHANCEMENT OF EFFECTIVE SERVICE DELIVERY FOR ACCELERATED ECONOMIC DEVELOPMENT OF COUNTIES IN KENYA

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**ABSTRACT**
A devolved form of governance system is a new phenomenon in post independent Kenya. This system presents the country with a unique opportunity to address the diversity of local needs, choices and constraints and advance a more equitable system of sustainable economic growth for the nation. Among other necessary contingent factors that will determine the success or failure of this form of governance is the quality of structural and management processes adopted by the county governments in the execution of their constitutional mandate. For instance, analysis of existing literature shows that a higher degree of bureaucratic formalization and rigidity may result in decreasing organizational performance. The paper endeavored to establish Role of Good Governance Structure in Enhancing Service Delivery for Social Economic Development of Counties in Kenya. The paper used a stratified random sampling technique by grouping the Forty Seven counties into eight geographic regions (strata), equivalent to the defunct eight Kenyan provinces from which eight counties were conveniently selected and a sample size of two hundred and eleven scientifically determined. Data was collected using questionnaires and interview guides. The obtained data was analyzed using the SPSS software supplemented with spreadsheets. From the findings, the study established that governance structures play a key role in Enhancing Service Delivery for Social Economic Development of Counties in Kenya. The study recommended that as county governments embrace strategic management practices for sustainable economic growth and service delivery, they should adopt lean management structures for effective and efficient management of county institutions. Further, the paper recommends that it is imperative for County Governments in Kenya to focus on determining important governance structural orientations that match their different strategies for better utilization and maximum gain from their varied local opportunities and resources. Finally, the paper recommends that County Governments should embrace governance structures characterized by reduced internal bureaucracy, a balance between centralization and decentralization and a budge from rigid orientations to more flexible governance structural systems that promote accountability in their struggle for social economic development.
**Key Words**: Governance Structure, Subsidiarity, Devolution, Socio-Economic Development

## INTRODUCTION
In the early 1990s, good governance became a common vocabulary in the development discourse across the developing world which promised to bring about fundamental changes in the political, administrative and economic structures of the developing world (UNDP, 1997a). Under the good governance agenda, the vital role of the state is to create a political environment that is conducive to development by redefining the role of government in the economy; creating political commitment to economic, political and social

restructuring; decentralizing and democratizing government; and strengthening the financial and administrative capacities of local government (UNDP, 1997b).

In an empirical study by UNIDO (2010), governance systems were defined as processes and interactions by which an organization engages and consults with its stakeholders and accounts for its achievements. Governance structure characterizes how things are decided and realized within an organization, be it a government or a private institution (SID, 2012). Governance is, thus, a relevant strategic matter for devolved counties as it determines how they are directed, administered or controlled.

A devolved system of governance is a form of decentralization that has been successfully practiced by many countries across the world (World Bank, 2012). It has been adopted in a number of countries as a guarantee against discretional use of power and resources by central government elites as well as a way to enhance the efficiency of social service provision, by allowing for a closer match between governance of public institutions and the desires and needs of local people. Countries that have successfully implemented devolution globally include; Britain, Germany, United States of America, Canada and Australia. In Africa, good examples of countries where devolution has been successfully practiced include South Africa, Nigeria and Ethiopia.

When well managed, a devolved governance system results into several benefits to the citizenry of a country. According to Jones, Goodwin and Jones (2005), economic governance is often cited as a justification of devolution. Whether there is a positive relationship between devolution and good governance should be viewed from four specific angles (Hueglin, 2010): transparency, accountability, responsiveness and human rights. This scholar presented the idea that devolution would strengthen these goals and values but does not guarantee good governance in itself. Kulshreshtha (2008) who conducted a study on public sector governance observed that good governance is epitomized by predictable, open, and enlightened policy making; a bureaucracy imbued with professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs and all operating under the rule of law.

The new system of governance in Kenya, devolution, is associated with greater participation in key decisions by members of society; a greater sense of shared vision and mission; an improved societal confidence and support based on greater knowledge and involvement (World Bank, 2011 & 2012). The World Bank report observed that greater organizational autonomy is linked to an increased sense of ownership, commitment, empowerment, initiative, professionalism, motivation and morale.

There are many recent literature records that place claims of positive outcomes of devolution (Fenton, 1996). Fenton argued that some of these claims are tentative, modest and at times based on findings of research while others are sweeping and largely unsubstantiated. Jones, Goodwin and Jones (2005) argued that devolution approaches tailored to sub-national, regional and local circumstances are considered better able to address the continuing problems caused by entrenched territorial inequities in growth, income and employment. Besides, devolved structures are expected to deliver an enhanced, democratized, political settlement that renders economic development institutions more open and accountable to local, regional and sub-national territorial circumstances.

Fenton (1996) further observed that greater organizational autonomy leads to more effective and efficient management, the alignment of responsibility, authority and accountability, and a greater concern for people. Examining devolution from the angle of structures and processes, Fenton concludes that organizational self-management transforms the patterns of authority positively and improves the process of communication, planning, decision making, problem solving, resource allocation, staff relationships, supervision, evaluation, feedback and system wide accountability.

An earlier study by Barcan (1992) concluded that despite all the positive claims about devolution, it is worth recognizing that in itself, devolution cannot guarantee increased effectiveness and efficiency, better planning, decision making, resource allocation, evaluation or accountability. Barcan observed that devolution is a form of governance system that is merely a management devise that moves the discretion, authority, responsibility and accountability for some decisions from the central arm to an individual unit of government (referred to as subsidiarity in this paper). Transfer of power provides the opportunity for quality of organizational decision making and action to benefit from knowledge of local wishes, needs, resources and opportunities. The positive or negative consequences of devolution depend more on a range of other associated factors than on the fact of devolution itself. For instance the political and industrial climate in which devolution takes place, the change processes proposed, the readiness of the leadership, professional development availability, the nature and level of ongoing system support and the organizational climate (Finn, 1986).

According to Sarkar (2003), devolution, as a form of governance could be seen as a means; through which governments are able to provide quality services that citizen's value; for increasing managerial autonomy, particularly by reducing central administrative controls; for creating receptiveness to competition and open-mindedness. This is aimed at encouraging other actors such as the private sector and civil society organizations to participate in providing goods and services; and for empowering citizens through their enhanced participation in decision making, development planning and management (Hope & Chikulo, 2000). In recent years, devolution has received much attention from those concerned with third world development. Perhaps, it would be difficult to find any developing state without experience of devolution in one form or another. Devolution is and should be associated with principles of local self-reliance, participation and accountability, adaptation of programs to local environments; improved communication; resource mobilization; utilization of local expertise; better utilization and maintenance of facilities and service, and cooperation.

**The Problem**

Devolution as a new system of governance in Kenya embraces the principle of subsidiarity which advocates for the transfer of responsibilities and decision making powers from the central government to the local governance units. According to the World Bank (2012), devolution has been successfully practiced in, among world countries, the United States of America, Canada, Britain and Australia. In Africa, it has been practiced in South Africa, Nigeria and Ethiopia. In most of these countries, devolution is seen as a process of giving political autonomy to administrative units that are already in place. The World Bank (2012) observed that, in contrast, Kenya's devolution entails creating new political and administrative units all at once. Based on the 2010 constitution, this new governance system carries the promise for a more equitable model of sustainable economic development for most Kenyans. Through devolution, it is hoped that historical injustices and spatial inequities will be addressed. The World Bank (2012) further observed that management of the state through the central and local authorities in Kenya over the past fifty years of independence has experienced many challenges.

Kenyans have witnessed poor performance by successive governments due to weak governance of public institutions across the nation. A recent study by Ntoiti (2013) found out that for several decades, Kenyan Local Authorities, decentralised units of the central government, failed to provide effective service delivery to the citizens mainly due to weak corporate governance practices. Other factors that contributed to the poor state of service delivery in the country (Ntoiti, 2013) included weak; financial management practices, human resource management practices, information technology and government regulations. Ntoiti concluded that all these factors had a negative and significant relationship with the weak performance of the Local authorities. Stigler (1957) and Oates (1972), both cited in Ntoiti (2013), argued that the central mandate of Local Authorities, as devolved public institutions, is to bring governance closer to the people as advocated by the decentralization theorem, which states that each public service should be provided by the jurisdiction having control over the minimum geographic area (subsidiarity) that would internalize benefits and costs of such provision.

Most of the newly created counties may lack effective governance structures necessary to enhance service delivery for their economic development. Article 203(2) of the 2010 Kenyan constitution stipulates that counties will get a minimum of 15% of total national revenue. As of today, the Kenyan Government adopted a 15% allocation as the amount to distribute to all the counties. This figure has elicited sharp reactions from the County Governors and Senators. Given that the 15% allocation through CRA is meant to be supplementary, with the counties expected to generate the bulk of the income locally for their sustainability, it calls for county leaders to engage strategic management practices in order to attain sustainable economic growth status. Devolution, being a new phenomenon in Kenya, the capacity of the counties to face up with the identified challenges and potential structural complexities to ensure that they are managed sustainably is a concern. A study to offer guidance and suggest solutions to the challenges and potential complexities identified is, thus, necessary.

**Objective of the Study**

The main objective of this study was to investigate the role of governance structures in enhancing service delivery for the social economic development of counties in Kenya.

## LITERATURE REVIEW

### Governance Structures and Decision Making

The structure of an organization is designed to breakdown the work to be carried out, the tasks, into discrete components which might comprise individual businesses, divisions and functional departments (Punch, 2006). In designing an organization's structure and making it operational, it is important to consider the key aspects of empowerment, employee motivation and reward (Thompson & Martin, 2010). Good governance structures do not, in themselves, produce good performance. However, poor governance structures make good performance impossible, no matter how good the individual managers may be. Improving decision making structures is most likely to improve organizational performance (Thompson & Martin, 2010).

An institution that wins today is one that makes the best decisions and is able to act on them quickly (Michel, 2007). These decisions have to be aligned with the strategic intent of the institution with the developments in its environment, and support the institution's ability. According to Donaldson & Lorsch (1983), good leadership in an organization must be supported by formal governance structures that facilitate faster and effective decision making. These governance structures need to be re-designed (Martin, 2005). Re-jigging formal governance structures is a sensitive, difficult, slow and potentially a risky undertaking (Thompson & Martin, 2010). So, CEOs really want to know where specifically their systems are already supporting and scale the development of good judgment, creativity, discipline and rigor of thought, and where specific changes and investments need to be made.

Dirk & Achterbergh (2011) note that to develop structures that permit institutions to attenuate and amplify talent is a crucial condition for organizational viability and that those structures should necessarily be lean to facilitate faster decision making. It is widely accepted within management circles (Martin, 2005) that achieving sustainable competitiveness of an organization requires developing strong links between organizational and job talent structures. Increasingly, in order to create a flexible and integrated set of decisions that balance performance and flexibility, organizations must rely on more social, informal and matrix-based shared visions among managers and employees. By linking institutional processes and procedures to structures that bridge strategy and talent, it is possible to identify pivotal talent pools.

According to Mullins (2010), the purpose of decision making structures is the division of work among members of the organization, and the co-ordination of their activities so they are directed towards the goals and objectives of the organization. Structures make possible the application of the processes and procedures of management and create a framework of order and command through which activities of the organization can be planned, organized, directed and controlled. Structures define tasks and responsibilities, work roles and relationships, and channels of communication. Mullins (2010) listed the main objectives of structures as: the economic and efficient performance of the organization and the level of resource utilization; monitoring the activities of the organization; accountability of areas of work undertaken by groups and individual members of the organization; co-ordination of different parts of the organization and different areas of work; flexibility in order to respond to future demands and developments; to adapt to changing environmental factors; and the social satisfaction of members working in the organization. These objectives provide the criteria for structural effectiveness in strategically managed organizations.

Johnson, Whittington & Scholes (2011) argue that structural designs describe formal roles, responsibilities and lines of reporting in organizations and can influence the sources of an organization's competitive advantage, particularly with regard to talent development and management; failure to adjust governance structures appropriately can fatally undermine strategy implementation and thus jeopardize organizational success. On the other hand, good structures alone are not enough for organizational success. The processes that drive and support people within and around an organization can have a major influence on success or failure of organizations through defining how strategies are formulated and executed and the types of talents necessary for the success of the organization.

Fischer (2006) pointed out that organizations that identify best practices related to organizational structures have proved effective and successful regardless of size or industry sector. Structural charts are developed to define the levels and roles within an organization. Such structures are important to management because they define staff responsibilities. To emphasize, clear identification of structural reporting lines, patterns of communication and knowledge exchange thus leading to high performance of organizations. The scholar recognised five structural types that could be adopted for organizational success, namely; functional, multidivisional, matrix, transnational and project. Broadly, the first two of these structures tend to emphasize one structural dimension over another, either functional specialism or business units. The three others that follow tend to mix structural dimensions more evenly, for instance trying to give product and geographical unit's equal weight. However, none of these structures is a universal solution to the challenges of organizing for success. The right structures depend on the particular kind of challenges each organization faces and their uniqueness in terms of reason for existence. Fischer (2006) defined the five different structures as follows: 1) *Functional Structures***;** A structure that is relevant once an organization grows beyond a very basic level of size and complexity and has to start dividing up responsibilities such as is the case in national and county governments; 2) *Multidivisional Structures***;** A multidivisional structure is the built up of separate divisions on the basis of products, services or geographical areas. Divisionalisation often comes about as an attempt to overcome the problems that functional structures have in dealing with the diversity; 3)*Matrix Structures*;A matrix structure combines different structural dimensions simultaneously, example, product divisions and geographical territories or product divisions and functional specialism. Among the many advantages of matrix structures is that they are effective at knowledge management because they allow separate areas of knowledge to be integrated across organizational boundaries; 4) *Transnational Structures;* Transnational structures are a means of managing internationally which is particularly effective in exploiting knowledge across borders. The transnational structure seeks to obtain the best from two extreme international strategies; and 5) *Project Based Structures*; Many organizations rely heavily on project teams with a finite life span. A project-based structure is one where teams are created, undertake the work and are then dissolved upon completion of their assignment. Organization structure is a constantly changing collection of project teams created, steered and glued together loosely by a small corporate group. Many organizations use such teams in a more ad hoc way to complement the 'main' structure.

Mankins and Rogers (2010) posited that "an army's success depends, at least as much on the quality of the decisions its officers and soldiers make and execute on the ground as it does on actual fighting power". Focusing on the effects of decisions in strategy is gaining ground in contemporary institutional strategy. An institution's governance structure will produce better performance if and only if it improves the organization's ability to make and execute key decisions better and faster than competitors (Gakure, Keraro, Okari & Kiambati, 2012). These scholars argue that if an organization's strategic priority is to become more innovative, the reorganization challenge will be to structure the company so that its leaders can make decisions that produce more and better innovation over time. Organizational structure is not the only determinant of good performance and in some cases, it might not be particularly important (Mankins & Rogers, 2010; Gakure et al., 2012). Thus, changing an organization's structure to meet a particular strategic goal should be handled with a great deal of care and this should be the role of top leadership/governance.

**Governance Structures, Public Policy and Service Delivery**

An empirical study was carried out through a survey within the Regional Policy Division of OECD that was responsible for Public Governance and Territorial Development by Charbit (2011). The study involved both the OECD member and non-member countries. The researcher's key question of the study was not whether to "decentralize or not", rather to examine ways to improve capacity and co-ordination among public stakeholders at different levels of government (multi-level governance) in order to increase efficiency, equity and sustainability of public spending. To be able to measure the results of the study, a list of key variables for investigation were identified. These included, staff numbers and levels of their qualifications, systems and structures, policy inputs and outcomes, service coverage, efficiency of sub-national authorities, effectiveness in service delivery programmes implemented, equity in terms of geographic variation in the use of the services, quality of service delivery and public opinion on user satisfaction with local services.

The study concluded that interdependencies between levels of government can be of different nature: institutional, when the allocation of roles and responsibilities is not exclusive and social-economic, when issues and/or outcomes of public policy at one level have impact on other regions and the national level. In this case, a full separation of responsibilities and outcomes in policy making cannot be achieved. This situation thus, demands that the national government has to progressively increase its role in monitoring the performance of devolved authorities through intergovernmental regulations imposed on states and local governments through direct to more indirect actions that force sub-national level policy changes. An advisory authority has to be established to advice on intergovernmental relations to develop appropriate policy actions for the national government with impacts on state and local authorities. The study, further, found out that there is no one optimal level of decentralization since the sharing of competencies and its implementation remain strongly region specific. However, multilevel governance will always be required for managing public policies in a decentralized context.

This study brought out several relevant issues that could significantly inform the direction and nature of managing devolved governance in Kenya. The finding that "there is no one optimal level of decentralization since the sharing of competencies and its implementation remain strongly region specific" resonates well with this study. The study focused on a number of variables that are similar to those of the study undertaken and how efficient and effective coordination (multilevel governance) could benefit all the stakeholders. Variables including staffing, policy development, systems and structures, service delivery investigated are similar to those of the study undertaken and discussed in this thesis. The planned outcomes of efficiency and effectiveness of service delivery and minimization of costs of service delivery are what in modern management practices contribute to the strategic management of institutions. Devolved governance system is a new and ambitious phenomenon in Kenya that requires a strategic approach, which was the anticipated ultimate outcome of the study by Charbit (2011).

## METHODOLOGY

The study adopted a survey research design that was multi-pronged given that it was exploratory, descriptive and cross-sectional in nature due to its in-depth analysis of the role of governance structure in enhancing service delivery for social economic development of counties in Kenya. The study used a stratified random sampling technique by grouping the forty seven counties into eight geographic regions (strata), equivalent to the defunct eight Kenyan provinces from which eight counties were conveniently selected and a sample size of two hundred and eleven scientifically determined. Data was collected using questionnaires and interview guides. The obtained data was analyzed using the SPSS software supplemented with spreadsheets.

## RESULTS AND DISCUSSION

Putting up proper governance structures in an organization is a necessity during any development processes. However, this necessity is often handled differently when it comes to the public sector due to various competing demands or factors such politics, financial constraints and government bureaucracies.

This study sought to examine the role of governance structures in enhancing service delivery for social-economic development of Counties in Kenya. From the results summarized in Table 1 and Figure 1 it shows that over 54% of the respondents agreed that effective governance structures contribute to enhanced service delivery for social economic development of counties in Kenya.

These results resonate well with those of the study undertaken by Donaldson & Lorsch (1983) who concluded that good leadership in an organization must be supported by governance structures that facilitate faster and effective decision making. The results are also consistent with observations made by

Thompson & Martin (2010) that while good governance structures do not in themselves produce good performance, poor governance structures make good performance impossible, no matter how good the individual managers may be. These results reinforce observations by Punch (2006) that the structure of an organization is designed to breakdown the work to be carried out, tasks, into discrete components and that this might comprise individual businesses, divisions and functional departments.

**Table 1. Statistical Results for Governance Structures**

| | **Strongly Disagree** | **Disagree** | **Neutral** | **Agree** | **Strongly Agree** | **Total** |
|---|---|---|---|---|---|---|
| **Statement** | **%** | **%** | **%** | **%** | **%** | % |
| Organogram | 9.1 | 13.2 | 28.0 | 37.8 | 11.9 | 100.0 |
| Lean Structures | 9.7 | 9.8 | 21.0 | 42.0 | 17.5 | 100.0 |
| Decision Making | 7.7 | 18.2 | 22.4 | 25.9 | 25.3 | 100.0 |
| Policies and procedures | 11.2 | 20.2 | 29.4 | 18.2 | 21.0 | 100.0 |
| Financial management | 16.8 | 21.6 | 14.7 | 18.2 | 28.7 | 100.0 |
| Internal controls | 13.2 | 14.7 | 19.6 | 24.5 | 28.0 | 100.0 |
| Budgetary controls | 23.0 | 9.1 | 13.3 | 39.2 | 15.4 | 100.0 |
| Procurement Systems | 7.0 | 14.6 | 15.4 | 41.3 | 21.7 | 100.0 |
| Leadership | 1.4 | 11.8 | 17.5 | 48.3 | 21.0 | 100.0 |
| **Average** | **11.0** | **14.9** | **20.1** | **32.8** | **21.2** | **100.0** |

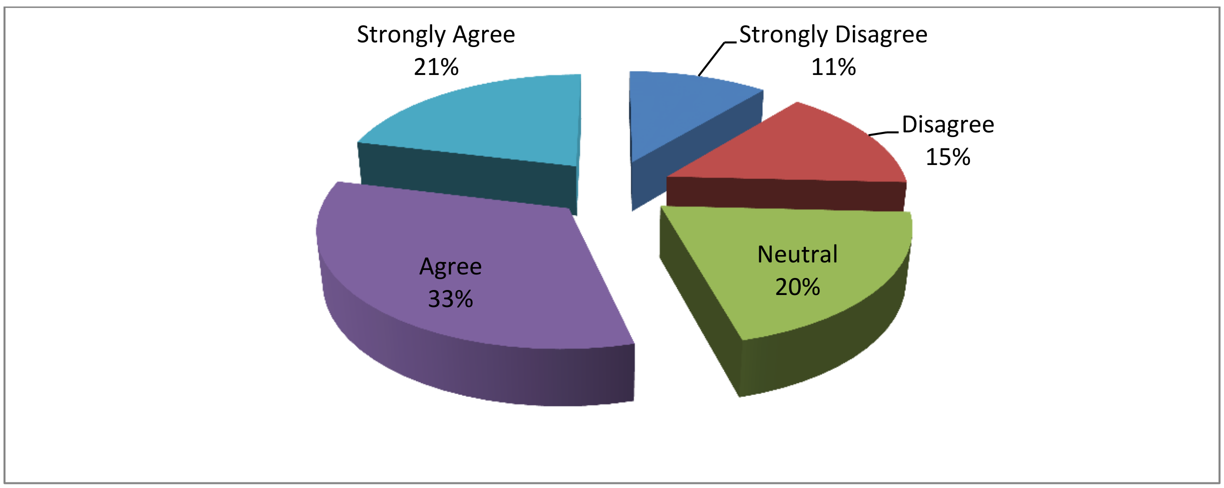


**Figure 1. Percentage Responses for Governance Structures**

**Governance Structures and Organizational Charts**

A question was asked on whether a well developed organizational chart, showing working and staffing relationships is important for counties. Table 1 presents the findings indicating that 49.7% generally agreed, 28% were neutral while 13.2% and 9.1% either disagreed or strongly disagreed.

These results confirm conclusions by Leung, Cooper and Perera (2011), Jabnoun (2005) and Colbert (2002) that good organizational structures promote dialogue and communication, while ineffective structures give rise to conflicts and lack of transparency. Studies by Mankins & Rogers (2010) and Curristine, Lonti and Jourmard (2007) stressed that to keep an organization responsive to changes in its operating environment, managers must decide the best way to organize their structures to create an organizational architecture that allows them to make the best use of organizational resources.

Mullins (2010) justified the need for organizational charts by saying that the purpose of decision making structures is the division of work among members of the organization, and the co-ordination of their activities so they are directed towards the goals and objectives of the organization. Mullins (2010) gave five reasons why organizations should develop organizational charts and these are: they make possible the application of the processes and procedures of management; they create a framework of order and command through which activities of the organization can be planned, organized, directed and controlled; they define tasks and responsibilities, work roles and relationships, and channels of communication; they clarify work relations, establish hierarchical structures of decision making and power and finally; they provide an information portal for the organization.

These results show that less than half of the respondents (49.7%) recognized the importance of developing organizational charts, contradicting the many benefits mentioned by Leung *et al*. (2011) and Mullins (2010). This outcome raises important questions that confront county governance; to what extent are decisions making structures taken seriously in the public sector? Do decision making structures exist and if they do, what role do they play? Are they followed, and do staff understand the meaning of organograms? There is, therefore, a huge responsibility for the governance and human resources experts to work hard and ensure that everyone at the county management offices understand the benefits of delineated responsibilities.

**Lean Governance Structures and Effective Decision Making**

The study sought to establish if lean governance structures have a role in effective decision making. As presented in Table 1, 59.5% of the respondents were in agreement that lean governance structures will enhance effective decision making in their counties. Of these 59.5% respondents, 17.5% strongly agreed while 42.0% agreed. Those that were neutral were 21.0% while 9.8% disagreed.

These findings correspond with the view of with Dirk & Achterbergh (2011), Fischer (2006) and Mullins (2010) that developing governance structures that permit institutions to attenuate and amplify talent is a crucial condition for organizational viability. Modern day clamour for lean governance structures derive their justification from the fact that they facilitate faster strategic decision making. This move negates Max Weber's theory on bureaucracy that was centred on hierarchical and fixated structures which imposed excessive controls on employees and customers (Hopfl, 2006). Mankins and Rogers (2010) commenting on decisions and structures statethat "An army's success depends, at least as much on the quality of the decisions its officers and soldiers make and execute on the ground as it does on actual fighting power". The results further agree with observations by Gakure *et al*. (2012) that an institution's structure will produce better performance if and only if it improves the organization's ability to make and execute key decisions better and faster than competitors.

It is widely accepted that achieving competitive sustainability in an organization requires developing strong links between organizational and job talent structures. Lean governance structures are a modern day important business practice where processes, efficiency and effectiveness are critical. Lean governance structures; are less costly; they create fewer levels of management; facilitate quick decisions and facilitate fast and clear communication, among many other benefits cited in the literature reviewed. For these reasons, therefore, it is imperative that lean governance structures should be adopted by counties in order to ensure that they are strategically managed.

**Bureaucratic Structures and Decision Making**

The findings from this study suggested that good governance structures which are less bureaucratic facilitate faster decision making for counties. Table 1 shows that 51.2% of the respondents either agreed or strongly agreed, 22.4% were neutral while a total of 25.9% disagreed and strongly disagreed. These findings confirm that bureaucratic structures were previously suitable for large institutions such as national governments (Dirk & Achterbergh, 2011; Hopfl, 2006; Mankins & Rogers, 2010; and Jain (2004) and have no place in contemporary management practices.

A probe into the reason why only 51.2% of the respondents affirmed the statement revealed that some of the respondents believed that bureaucracy in civil service can never be eradicated. For the devolved governance system to perform better than the yester years, county governance must be ready and willing to do things unusual by starting with the dismantling of the old bureaucratic structures of management and adopting lean governance structures that facilitate faster decision making.

**Governance Structures, Policies, Procedures**

Table 1 indicates that 21% of the respondents strongly agreed that developing appropriate policies, procedures are important for effective decision making for their counties while 18.2% agreed. A rather high response rate of 29.4% was attributed to neutral responses while another surprising huge number of respondents representing 20.30% and 11.2% disagreed and strongly disagreed with the question posed.

These findings contradict observations by Johnson *et al*. (2011), Govinandarajan and Trimple (2012), Karnani (2006) and many other scholars who pointed out that processes that drive and support people within and around an organization can have a major influence on success or failure of those organizations. These results further contradict conclusions by Thompson & Martin (2010) that while, good procedures do not in themselves produce good performance, poor procedures make good performance impossible, no matter how good the individual managers may be.

The weak majority responses of 39.2% (sum of 18.2% and 21.0%) prompted a further probe into some of the underlying reasons which suggested that respondents were pessimistic because they thought policies and procedures created bottlenecks and hindrances, thus slowing down operations at the county. Training the executive committee members and the rest of the county management teams on the critical role of policies and procedures in streamlining operations and influencing the overall performance of their counties cannot be over emphasized.

**Governance Structures and Public Financial Management**

When asked whether counties required development and adoption of good public financial management practices, 28.7% of the respondents strongly agreed, 18.2% agreed (Table 1) totaling to 46.9% of those in agreement. A further 14.7% were neutral while 21.7% disagreed and 16.8% strongly disagreed. These results were not surprising given the reportedly general lack of accountability and corrupt behaviours exhibited by some of the civil servants across the country.

The results agree with the vision contained in Article 220(2) of the Kenyan Constitution of 2010, and in particular with Part IV of the Public Finance Management Act 18 of 2012 which requires that all counties must prepare development plans that shall clearly spell out strategic priorities to be pursued by counties. The findings from this study also affirmed the fears expressed in studies by Mortimer (2001), SID (2011 & 2012) and the Republic of Kenya (2011 & 2012) that government financial managers do not readily welcome change. These scholars held the view that modern financial management practices discourage outcomes such as those recorded in this study and encourage more of the private sector approach that is geared towards increasing assets base of the government and profits as is often the case in private sector. These results also resonate with the conclusion by Ntoiti (2013) in his study that poor financial management practices contributed to financial distress of Local Authorities in Kenya. Ntoiti argued that Local Authorities: did not have effective financial management systems to detect and prevent fraud, had poor internal controls and budgeting practices, had poor procurement practices as well as poor financial reporting practices which in made him concluded that poor financial management practices were a contributory factor to the resultant financial distress witnessed in many Local Authorities in Kenya.

These results are a demonstration that some of the Kenyan civil servants have not appreciated the need for strong accountability institutions. There is a strong need for county governance to observe full compliance of the constitution and all the relevant Acts of Parliament. In particular, strict compliance with the Public Finance Management Act 18 of 2012 is imperative because this Act advocates for the implementation of strong and effective financial management practises by national and county governments to ensure that public financial resources are managed sustainability.

**Governance Structures and Internal Control Systems**

Asked whether development of good internal control systems similar to those in the private sector entities are non-negotiable for their counties, a total of 52.5% (sum of 24.5% and 28.0%) of the respondents either strongly agreed or agreed (Table 11). Those that took a neutral position were 19.6% while 14.7% and 13.3% disagreed and strongly disagreed.

Similar to the results obtained on financial management, budgetary and procurement controls, county governments are strongly advised to fully recognize and embrace the Kenyan Constitution of 2010 and all the relevant Laws and in particular Part IV of the Public Finance Management Act 18 of 2012 which requires that all counties must prepare annual budgets and coordinate the preparation of estimates of revenue and expenditure for the county governments. There is a further need for change of attitude and poor perception on the development of good internal controls in order to improve levels of accountability, thus, creating an environment for enhanced performance of counties as envisaged in the Constitution and the relevant Acts of Parliament

**Budgeting and Budgetary Control Systems**

Table 1 shows that a total of 54.6% (sum of 39.2% and 15.4%) of the respondents agreed and strongly agreed that counties required good budgeting and budgetary control systems. Respondents representing 13.3% were neutral, 23% strongly disagreed and 9.1% disagreed. These findings have a striking similarity with those of the two preceding results and reinforce the rationale for the national government's attempt (Republic of Kenya, 2011 & 2012) to address this matter. The results agree with empirical study outcomes by Poister, Pitts and Edwards (2010) who concluded that the push linking strategic planning to budgets and using strategic plans to drive the organizations overall performance leads to better outcomes.

The high rates of disagreement recorded in this study are similar to those of the preceding section on financial management and internal controls. This suggests that there is less care and poor accountability attitudes towards the management of government resources, attitudes and behaviours that require to be reversed through strict adherence of the Kenyan Constitution of 2010 and the Public Finance Management Act 18 of 2012. This will eventually ensure that the counties are strategically and sustainably managed for the benefit of the county residents.

**Procurement Policies and Governance Structures**

Asked whether counties would benefit from the implementation of sound procurement policies, 63% (sum of 41.3% and 21.7%) of the respondents agreed and strongly agreed (Table 1), with 15.4% remaining neutral, 14.7% disagreed and 7% strongly disagreed.

These findings mirror those of the two preceding sections which are the key target of the Republic of Kenya (2011 and 2012) strategy papers. Similar to the comments in the previous sections, the findings reinforce the move by the Republic of Kenya (2011) to introduce an MTEF budgeting process aimed at, among other objectives, increasing the predictability of resources through a structural budget planning process that provides more reliable estimates of revenues and expenditures over given periods of time. The findings also resonate with conclusions by SID (2012) and Charbit (2011).

Implementation of sound procurements policies are made within the context of strong financial management controls that were envisaged in the Public Finance Management Act 18 of 2012 and Chapter Six of The Kenyan Constitution of 2010. Development of sound procurement policies is, thus, imperative just like developing strong internal controls and budgeting procedures discussed in the foregoing sections. The majority (63%) of the respondents that agreed to the need for strong procurement policies is convincing that this is recognized as an area that needs strengthening at the counties.

**Governance structures as Role of County Leadership**

Respondents were asked whether development of appropriate governance structures for counties is the role of the county leadership. Table 1 presents the results obtained in which a total of 69.3% agreed, 17.5% took a neutral stand, 11.9% disagreed and only 1.4% strongly disagreed.

These findings agree with observations by CIDA (2010) that effective governance is about how the government, individuals and civil society interact to effect change, allocate resources and make decisions at their local levels. The findings also support the intents of the Government of Kenya defined in the County Governments Act 17 of 2012, the Intergovernmental Relations Act 2 of 2013 and the Transition to Devolved Government Act 1 of 2012. The results supported arguments by the World Bank (2000) which stressed that good governance is a sound development management tool premised on accountability, transparency, combating of corruption and promoting the rule of law and that this could be done at all levels of government whether national or at decentralized levels. These findings further reinforce conclusions by Kerandi (2011) that good governance is crucial for the sustained economic development of any government. The scholar stressed that a good governance system leads to the establishment of institutions that are predictable, impartial, and consistently enforce the rule of law.

The majority (69.3%) responses of those in agreement with the statement are a convincing pronouncement that governance structures are the responsibility of county leadership. Through these responses, the respondents communicated a message that they would wish to see more accountability exercised by their county governments in the strategic management of their counties. Those that were in disagreement were of the opinion that appropriate governance structures is the role of the central government.

The correlation coefficients of governance structures are presented in Table 2 which indicate that the model has a significant *p*-value =.000. The study at 95% confidence interval solved the second research question by indicating that governance structures are statistically significant in enhancing service delivery for the socio-economic development of counties in Kenya.

**Table 2. Correlation Coefficients of Governance Structures**

| **Coefficients** | | | | | |
|---|---|---|---|---|---|
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | **B** | **Std. Error** | **Beta** | | |
| (Constant) | 14.222 | 1.431 | | 9.935 | .000 |
| Governance Structures | .278 | .046 | .456 | 6.084 | .000 |

**Correlation Coefficient for Governance Structures**

Tables 2 and 3, show a 45.6% positive correlation between governance structures and the socio-economic development of counties in Kenya. As already discussed, these findings support arguments by various scholars that structures describe formal roles, responsibilities and lines of reporting in organizations. Structures influence the sources of an organization's competitive advantage, particularly with regard to talent development and management. Failure to adjust structures appropriately can fatally undermine strategy implementation and thus jeopardize organizational success.

**Table 3. Coefficients for Governance Structures**

| | | **Socio-Economic Development of Counties** | **Governance Structures** |
|---|---|---|---|
| Socio-Economic Development of Counties | Pearson Correlation | 1 | .456 |
| | Sig. (2-tailed) | | .000 |
| | N | 143 | 143 |
| Socio-Economic Development of Counties | Pearson Correlation | .456 | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 143 | 143 |

**ANOVA for Governance Structures**

Results of ANOVA test performed on the variable, governance structures are summarized in Table 4 shows that the variable has a P-value equal to .000, demonstrating that the model is statistically significant considering that the P value is less than .05 at the 95% level of confidence.

**Table 4. ANOVA For Governance Structures**

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 637.446 | 1 | 637.446 | 37.016 | .000[b] |
| Residual | 2428.106 | 141 | 17.221 | | |
| Total | 3065.552 | 142 | | | |

Thus, based on the empirical results presented in Table 4, the Null Hypothesis ($H_{02)}$ is rejected and a conclusion reached that, at 5% level of significance, governance structures play a significant role in the strategic management of counties in Kenya.

**SUMMARY OF FINDINGS**

The study established that: there was a 45.9% positive correlation between governance structures and the socio-economic development of counties; leadership has a positive linear relationship role in the development of governance structures for the socio-economic development in Kenya but that relationship was somewhat weak; governance structures was statistically significant in explaining the change in the socio-economic development of counties in Kenya; establishing strong procurement and budgetary systems is critical for the socio-economic development of counties and that this should be among the key areas of focus by the governance. A majority (55%) of respondents thought that leadership had a key role in developing and implementing governance structures as a basis of ensuring effective sharing of management responsibilities for effective socio-economic development of counties in Kenya. Development of organizational charts and lean governance structures were emphasized as modern day practices that have succeeded in the private sector and should, therefore, be implemented by the counties.

**CONCLUSIONS**

The study concludes that governance structure should be developed with a view to its impact on overall organization performance, and the incentive it creates for participation of members and enhancement of performance and transparency. Development of lean governance structures at counties is a modern day business practice that has direct influence on the effective strategic management of institutions. Lean structures: are less costly; facilitate faster decision making and communication; it enhances creativity and innovation given the reduced levels of bureaucracy that is known as a main feature of the public sector. Effective financial management practices supported by strong internal control systems, budgeting and procurement controls contribute directly to the strategic management of countries. This involves the exploitation of the available county opportunities to generate additional financial resources and ensuring that the generated resources, together with those allocated from the national government through Commission for Revenue Authority are sustainably managed for the economic development of the counties.

**RECOMMENDATIONS**

The study recommends that for optimum performance of devolved system, of governance in Kenya, County government should adopt lean governance structures at counties Lean governance structures are less costly, create fewer levels of management and facilitate quick decision making and enhance creativity and innovation given the reduced levels of bureaucracy..

County leadership and the national government should ensure that, as envisaged in the constitution, the Public Finance Management Act 18 of 2012 and other relevant Acts, effective financial management practices, internal controls, and budgeting and sound procurement systems are implemented across the

counties. This will enhance the capacity of the counties to generate additional financial resources that will supplement allocations from national government through THE Commission for Revenue Authority.
Finally the study recommends that devolved system of governance should be readjusted to enhance transparency and efficiency, be consistent with the constitution and clearly articulate subsdiarity and division of responsibilities among different regulatory levels of authority.

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